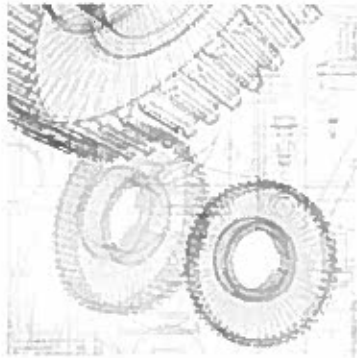




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Revamping the Annual Fund

Boosting alumni participation requires a tailored design

By *Dena Levitz*

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Educational institutions famously undervalue the annual fund, perceiving it merely as a means to unrestricted funds, according to Lori Yersh, senior advisor to the vice president of advancement and external relations at Concordia University in Canada and an annual giving expert who has consulted at more than 120 educational and health care institutions in the U.S., Canada, and Europe.

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However, Yersh says that recently a growing number of institutions are recognizing how valuable the annual fund is to the organization's long-term health.

"They're starting to understand that it's about building the pipeline," Yersh says. "The data shows that those who make annual gifts can emerge to become major gift donors if they have the capacity."

To gain footing in annual giving, she says, institutions need to assess their programs and constituents, as well as consider trends in the field. For one, many donors have come to expect choice, Yersh advises. In a highly competitive philanthropic market, allowing donors to decide where their money goes could make a significant difference in participation.

In addition, using the myriad outreach channels available today will pay dividends, says Adrian Salmon, vice president of Grenzebach Glier and Associates Europe. For example, according to Grenzebach Glier data, when some institutions couple direct mail and email, they've improved the performance of each by 25 to 30 percent. For optimal renewal rates, institutions need to make five to seven solicitation touches per year through a combination of mail, email, and phone appeals. And the outreach channels don't end there. The only bad channel is one used alone, Salmon says.

Focusing on broad participation, encouraging restricted giving, and using multiple communication channels are key tactics to consider. Here's how four institutions revamped

annual giving and achieved results.

Providence Day School: A is for alumni

For more than four decades, the community at Providence Day School has been close-knit and high-achieving. Situated in the middle of Charlotte, North Carolina, the institution enrolls about 1,600 students in transitional kindergarten through 12th grade and boasts championship sports teams, modern facilities, and small graduation classes.

But when a new head of school, Glyn Cowlshaw, arrived in 2011, an operational review highlighted a huge advancement challenge: A mere 4 percent of alumni gave annually. The figure not only put PDS well below the U.S. average of 20.7 percent for independent schools, it sunk PDS to last among its local peers.

The advancement team determined it needed a multifaceted plan to reach out "like never before" to its more than 3,200 alumni, 50 percent of whom are under 40, says Lynette Allison, director of development.

"We really believed that percentage didn't reflect how alumni felt about the school," she says. "We needed to refocus our attention on alumni engagement, which we believed would lead to increased giving participation."

Strategy: PDS implemented a four-pronged plan addressing outreach, communications, volunteer engagement, and data improvements. "This process wouldn't happen overnight," says Meggan Barber, director of the annual fund. "We were committed to rekindling our alumni's connection to the school."

Many of these initiatives were playful and lighthearted, which complemented the direct, transparent appeal that followed.

Senior leadership and the board of trustees supported the decision to focus primarily on growing participation and not just dollars.

Fun and games: Cowlshaw hit the road with the alumni director, visiting graduates in key metro areas and eagerly mugging for pictures. A popular Twitter campaign, #AlwaysACharger, urged alumni relations staff, faculty, and the head of school to post selfies with alumni. Cowlshaw and the assistant head of school for academic affairs also competed during homecoming to see who could take more pictures with alumni.

Straight talk: Following a year of such outreach, PDS sent a straightforward annual fund appeal, with a graph illustrating that peer institutions had at least three times the alumni participation. PDS, the appeal emphasized, wanted to beat the national average and match its peers.

Faculty competed to secure the most alumni gifts. In the spirit of straight talk, the development team didn't provide a script and instead encouraged faculty to reach out to whomever and however they wished, be it through Facebook, a text message, or a phone call. One faculty member solicited former students for whom he had written college recommendations.

Surprise incentive: Volunteers sometimes find inspiration in unlikely places, Barber says. At a phonathon, alumni competed for an unusual award.

"It is literally a [plastic] Solo cup with an old cordless phone glued to the top that's [spray-painted] gold," Barber says. "The point was to make it fun. It was a silly thing that, oddly enough, sparked some real competition."

ROI: Despite the gamble of focusing on participation rather than on dollars, fundraising totals did not suffer, and the effort paid off. Alumni giving rose from 4 percent during the 2012-13 academic year to 11.2 percent in 2013-14 and 20.8 percent in 2014-15. Alumni set a school record when 25.7 percent participated in 2015-16.

Advice: Again, it comes back to alumni. Get your board involved, Barber says. In 2014, staff recruited the alumni board's first alumni giving chair to provide guidance and leadership, which was important to the development team's success.

Virginia Commonwealth University: One message, multiple channels

Home to an award-winning graduate arts program and a strong teaching hospital, Virginia Commonwealth University enrolls more than 31,000 students in the capital city of Richmond.

While the diverse academic offerings of an urban public research university can be a fundraising asset, when Michael Andrews became director of annual giving in 2012, he found about 20 disparate annual giving programs across the institution and overall alumni participation at just 5 percent.

Andrews teamed with Melanie Irvin Seiler, senior director of development and alumni communications, to corral the unit-based programs and develop a unified message. "Previously, it could have appeared that you were getting branding from two different universities," she says.

The pair conducted focus groups to glean what being part of the VCU family meant. "Investment" was the common refrain: investment in others, themselves, and VCU itself. Seizing on the excitement surrounding a strong men's basketball program just two years after its first NCAA Final Four appearance, Andrews and Seiler helped produce the 60-second TV commercial "Invest in VCU," which aired during the 2012-13 season.

While 15 spots and online messaging were responsible for raising just under \$10,000 and 50 gifts, the effort generated buzz and was the catalyst for the multichannel campaign, Andrews says.

Strategy: Capitalizing on the personal nature of the investment narratives, Andrews and Seiler developed the multichannel campaign "Through These Doors," which featured individuals' compelling, transformational stories. They delivered the testimonies and messaging via direct mail, phone calls, email, mobile ads, social media, TV ads, radio spots, digital billboards on campus, and promotions at home basketball games.

The annual fund office sent institutionwide direct mail appeals as well as school- and unit-specific ones. Among the twists on the tagline were "Through these discoveries" for the pharmacy school, "Through these caring hands" for the nursing school, and "Through these wetlands" for life sciences programs. A special page on VCU's website offered more details about the featured individuals.

Planning payoff: Converting 20 individual campaigns into a consolidated effort removed the responsibility of annual fund solicitation from schools and units, allowing them to focus on other strategies such as face-to-face visits, Andrews says. "Annual giving could be a rinse-repeat operation that we could execute," he says, "and they could have more time to focus on those six- and seven-figure gifts." The coordination also positions VCU well for a comprehensive campaign kicking off this fall, he says.

ROI: A database conversion in August 2015 hindered efforts to collect and export data for appeals, and complicates fully demonstrating outcomes since 2012 when VCU started implementing changes. However, the campaign raised \$461,110 in gifts and pledges through the phone program, a 13 percent increase from fiscal year 2015, and contributed to an uptick in participation. In 2015, alumni participation was just over 7 percent, up from 5 percent in 2011. While a relatively modest gain due to large graduating classes, staff note the number of alumni making gifts and pledges increased nearly 15 percent from 2014 to 2015 and another 11 percent so far in 2016.

Advice: When centralizing the annual fund, tap the expertise of school- and unit-based development colleagues often, Andrews says, and tell them how critical they are. "Some staff were resistant and even suspicious of our effort to centralize annual giving," he says. To help build rapport and demonstrate respect, Andrews deferred to colleagues to identify the individual stories that formed the campaign's centerpiece.

Centenary College of Louisiana: Affinities to the rescue

Feeling the effects of the recession in 2008, Centenary College of Louisiana had to undergo some dramatic cost-cutting measures. The 590-student college started down a road of switching from Division I to Division III athletics and reducing its number of academic majors from 44 to 22. The changes left many alumni feeling disconnected from the small Methodist liberal arts college in Shreveport.

The institution boasted an alumni participation rate of 21 percent in 2008, says Jena McKinzie, associate director for major gifts. By 2009, participation dropped to 18.3 percent and continued to decline each year until it reached just above 12 percent in 2014.

In addition to improving participation, the development team hoped to increase the donor retention rate and create a culture of giving among young alumni.

Previous attempts to launch senior class giving had failed, McKinzie says, and a class giving program cost the staff too much time and money to justify the meager results. According to Meredith Armuth, assistant director for annual giving, reunion giving programs weren't resonating with alumni, who reported a stronger bond with affinity groups than with their class.

Strategy: In late 2013, Centenary switched its primary annual giving strategy to giving networks built around existing affinity groups, which encouraged peer-to-peer fundraising. One segment had been the overwhelming culprit for lost donors: fraternities and sororities. Ironically, members remained highly involved in their chapters, so the Greek system became the first target.

The minimum gift to Centenary's giving networks is a three-year pledge of \$100. The annual threshold to maintain a network is \$1,000. Networks most often support a scholarship for a member of that group, although some support operational budgets.

Seeing ways to reconnect, alumni flocked to the networks and clamored for additional ones. By April 2016, Centenary established 17 networks, including groups tied to the campus Christian Leadership Center, choir, and academic areas such as geology.

"Even though it's a pretty low threshold, only a handful of our giving networks are at the minimum," Armuth says. "One has grown so large that they award two or three scholarships."

Barrier-free giving: In response to alumni feedback, staff added an entry point for alumni during their first 10 years after graduation: a \$25 annual commitment for three years.

"We've found that if they aren't giving soon after graduation, they become incredibly disengaged," McKinzie says. "This has been a great way to lock them in."

Personalization: McKinzie and Armuth say appealing to alumni affinities requires a personal touch. Direct mailings announce giving networks related to a graduate's academic affiliations, student groups, and other interests. For the roughly 25 percent of alumni with more than one affinity, these mailings include bullet points promoting each giving network that could appeal to them, as well as related photos.

"We've gotten some great feedback that this was the most personalized mailing they had ever gotten," McKinzie says.

ROI: With a three-year cycle under its belt, Centenary is seeing donor retention rates increase. From 2014 to 2015 alone, the rate went from about 62 to 73 percent. In 2015, 32 percent of giving network donors were new or had returned after a significant lapse. Thanks to the segmented appeal, alumni participation rose to 13.2 percent in 2015, McKinzie says.

Advice: There's a temptation to start networks for every group that requests one, but Armuth suggests strongly encouraging groups to raise a \$1,000 initial gift before the advancement team heavily promotes the group.

"So if they come to us, 'Great, we love it,'" Armuth says. "But at the same time we tell them, 'We've found the most success if we can [raise] the minimum before doing broader outreach.'"

University of Birmingham: Come one, come all

The U.K.'s University of Birmingham was established by royal charter in 1900 as a civic university to educate men in the sciences regardless of their background. Being accessible to the public was a founding principle. Now the coed institution is a competitive, world-class university that enrolls 30,000 students from 150 countries in five colleges.

Entering an ambitious comprehensive campaign in 2009, Head of Development Natalie Lloyd faced stable but static participation of 1.5 percent from an addressable alumni base of about 160,000. While the rate was comparable to peer institutions, she believed the annual fund held greater potential for the campaign because 57 percent of alumni were giving to charity in general.

One challenge was that the annual fund and the major gifts division were operating independently—and at odds. Once alumni made a leadership gift of £1,000, they were plucked from the annual fund. Outreach to some halted for as long as two years due to staffing limitations

in prospect research and major gifts. Lloyd estimates that about 8,000 lapsed donors and new major gift prospects sat in limbo. Donor retention stood at 50 percent.

Strategy: Lloyd and her team made big changes. The annual fund had primarily been a source of unrestricted support. But through the Circles of Influence campaign, alumni could, for the first time, designate an annual fund gift starting at £20 for a host of specific projects, including funding 20 men to participate in a prostate cancer trial at Birmingham. Moreover, the university harked back to its history of inclusivity and essentially opened the annual fund to the public. Lloyd says that, in effect, Birmingham rebranded itself as a donor-centric charity.

Restructuring: Birmingham also had Lloyd oversee the annual fund and major gifts to ensure staff resources fully engaged donors in their choice of giving opportunities. This included sending annual fund appeals to some major gift prospects.

ROI: The comprehensive campaign was wildly successful. Circles of Influence raised £193.4 million between 2009 and 2015, exceeding its £160 million goal. The campaign funded 570 student scholarships, helped build a state-of-the-art library and sports center, and delivered more than £5.5 million for medical research. Although fundraising totals for the annual fund are unavailable, Lloyd stresses that the campaign was a means to completely reengineer the annual fund.

By offering giving options, "we unlocked a lot of nondonors, had a spike in acquisition, and also reactivated lapsed donors," Lloyd says. She notes that in four years, the number of donors nearly doubled from 4,000 to 7,500. Alumni can now encourage their friends to make gifts, not just fellow graduates.

Alumni participation spiked at 3.2 percent in 2013–14 during a generous matching gift campaign by the then-chancellor and most recently has been holding steady around 2.2 percent. Donor retention improved from 50 percent to a solid 61 percent today.

Advice: A fundamental lesson Lloyd says bears repeating is that annual and major gift efforts must be coordinated.

"It's something I still hear a lot [from other institutions]. You can see the impact in the metrics. You end up having a group of people [that is] no one's priority," she says. "It's important that regular contact is happening with all of your prospects. It shouldn't matter if it's from regular giving or annual giving. [Prospective donors] just need to be kept informed and given the opportunity to give."

About the Author

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Dena Levitz is an award-winning journalist based in Dublin. She was a staff writer for the *Augusta Chronicle* and *Washington Examiner* and has also contributed to CityLab by Atlantic Media, *The Washington Post*, *San Francisco Chronicle*, PBS MediaShift, Bloomberg News, and Narratively.

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